

Indiana House of Representatives

News and Information

*Media Office
Democratic Caucus
John Schorg, Director
Statehouse, Room 231-Up
Indianapolis, Indiana 46204
1-800-382-9842 or 1-317-232-9621
Fax Number: 1-317-232-9792*

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BAUER LEGISLATION TO STIMULATE ECONOMY, CREATE JOBS

INDIANAPOLIS – State Rep. B. Patrick Bauer (D-South Bend) has proposed a plan to spur state and local highway construction across Indiana through the use of Grant Anticipation Revenue Vehicles, known as GARVEE bonds.

House Bill 1774 also would give communities the ability to use bonds to pay for local road projects.

"The projects that can be completed through this program will foster a staggering \$1.5 billion in economic activity and approximately 38,000 jobs, a high percentage of which are high wage construction positions," said Bauer. "More importantly, these initiatives can take place at the local level in communities that are in desperate need of positive economic change."

Unlike normal state highway bond issuances, which are paid back with BMV fees or distributed gas tax revenue, GARVEE bonds are paid back with future federal highway revenues. These revenues may be used for any federally eligible highway project activity, including highway construction, land acquisition, and engineering costs.

At the local level, units will be able to issue bonds to pay for local projects. These bonds would be financed through future distributions the units would receive from the Local Road and Street Fund, the Motor Vehicle Highway Fund and local wheel taxes and excise surtaxes.

"Simply put, this bill offers a risk-free solution to the state's highway funding needs at a time when economic growth and job creation are essential to keep Indiana moving forward," said Bauer.

As part of an overall economic program, Bauer said, building new highway roads and repairing existing ones is critical to expanding Indiana's status as the crossroads of America. Because the nation's freight movement is expected to double in the next 20 years and the vehicle miles traveled will increase by 50 percent in the next two to three years, it is essential that the state improve its existing highway infrastructure, which was started more than 45 years ago.

"This measure will provide Indiana with the means to repair its roads as is critically necessary," said Bauer. "Experts predict that the state will have \$7 billion worth of highway preservation and expansion needs in the next six years and the GARVEE bond revenue will provide us with those funds now so that we can get started on making our deteriorating roads safer."

Repairing Indiana's highways will create safer driving situations as well, saving Hoosiers approximately \$1.6 billion in health care costs, insurance costs, and lost wages as a result of fewer accidents.